

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-03 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

SIL-01 LAB-04 /099 W

----- 051582

R 042030Z JUN 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 7866

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

C O N F I D E N T I A L PORT OF SPAIN 1359

E.O. 11652: GDS

TAGS: ENRG EINV TD

SUBJECT: PLANS TO ACQUIRE PARTICIPATION IN FOREIGN OIL INVESTMENTS  
STILL UNSETTLED

REF: A) POS 1318; B) POS 883; C) POS 870;  
D) POS 835; E) POS 147 AND POS 155  
(BOTH JANUARY 18, 1974)

SUMMARY. FOLLOWING HIS RECENT ANNOUNCEMENT OF GOTT ACQUISITION OF  
TEXACO'S DOMESTIC MARKETING NETWORK, PRIME MINISTER  
WILLIAMS HAS NOT ELABORATED ON HIS OFT-STATED  
INTENTION TO ACQUIRE GOVERNMENT PARTICIPATION IN ALL  
PHASES OF FOREIGN OIL INVESTMENT IN TRINIDAD. ON  
JUNE 1, HOWEVER, HE REJECTED A RECOMMENDATION BY HIS  
PARTY THAT THE GOTT NOT SEEK PARTICIPATION IN TEXACO'S  
REFINERY, AND IMPLIED THAT HE STILL INTENDS TO BUY INTO  
OTHER SEGMENTS OF THE TEXACO INVESTMENTS IN  
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TRINIDAD. THE GOTT IS ALSO MAINTAINING PRESSURE

ON OTHER FOREIGN OIL COMPANIES OPERATING HERE BY KEEPING TAX  
REFERENCE PRICES SO HIGH THAT AT LEAST ONE CLAIMS IT IS OPERATING  
AT A LOSS. END SUMMARY.

BEGIN UNCLASSIFIED

1. BOTH MORNING PAPERS JUNE 2 REPORTED THAT PRIME  
MINISTER WILLIAMS DISCUSSED GREATER GOVERNMENT  
PARTICIPATION IN FOREIGN-OWNED OIL INVESTMENTS  
AT THE JUNE 1 MEETING OF THE GENERAL COUNCIL OF THE  
RULING PEOPLE'S NATIONAL MOVEMENT (PNM). HIS  
REMARKS FOLLOWED PRESENTATION OF A REPORT ABOUT  
OIL POLICY PREPARED BY A SEVEN-MAN PNM COMMITTEE  
HEADED BY SENATOR CYRIL ROGERS. ACCORDING TO  
PRESS REPORTS, DR. WILLIAMS REJECTED THE TWO  
PRINCIPAL RECOMMENDATIONS OF THE PNM COMMITTEE:  
A) THAT THE GOTT NOT SEEK PARTICIPATION IN TEXACO'S  
REFINERY OPERATIONS; AND B) THAT THE GOTT EITHER  
PURCHASE ALL OF TEXACO'S LOCAL PRODUCTION FOR  
REFINING AT THE GOTT-OWNED TRINTOC REFINERY OR  
THATIT ACQUIRE 51 PERCENT OWNERSHIP OF ALL TEXACO  
DOMESTIC PRODUCTION FIELDS. THE PRIME MINISTER AND  
THE GENERAL COUNCIL APPARENTLY ACCEPTED A NUMBER  
OF THE COMMITTEE'S MINOR RECOMMENDATIONS INVOLVING  
PETROLEUM TRAINING OPPORTUNITIES FOR TRINIDADIAN,  
STRICT ENFORCEMENT OF GOTT WORK PERMIT REGULATIONS,  
AND THAT TRINIDAD JOIN THE WORLD INTELLECTUAL PROPERTY  
ORGANIZATION (THE LATTER APPARENTLY FOR TRANSFER-OF-TECHNOLOGY  
PURPOSES). THE PRIME MINISTER ALSO REPORTEDLY TOLD THE GENERAL  
COUNCIL THAT THE EXISTING PRODUCTION-SHARING CONTRACTS IN OFFSHORE  
AREAS EAST OF TRINIDAD SHOULD BE MAINTAINED "WITH APPROPRIATE  
MODIFICATIONS AS MAY BE NECESSARY OR DESIRABLE." END UNCLASSIFIED

2. COMMENT: GOTT OFFICIALS ARE USUALLY CLOSE-  
MOUTHED ABOUT PNM GENERAL COUNCIL MEETINGS,  
MAINTAINING THAT THEY ARE ONLY INTRA-PARTY EVENTS,  
BUT THESE SESSIONS OFTEN PRESAGE MAJOR GOTT ACTIONS.  
IN THIS CASE, THE PRESS STORIES ARE INTERESTING FOR  
WHAT THEY OMIT -- NO MENTION WAS MADE OF PRECISELY  
HOW MUCH OR WHAT SORT OF GOTT PARTICIPATION IN TEXACO  
WAS RECOMMENDED BY THE PRIME MINISTER. ALTHOUGH THE  
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CLEAR IMPLICATION OF THE STORIES IS THAT WILLIAMS IS  
STILL INTENT UPON ACQUIRING GOVERNMENT PARTICIPATION  
IN ALL PHASES OF TEXACO'S INVESTMENTS IN TRINIDAD (AS  
HE ORIGINALLY ANNOUNCED IN JANURY 1974 -- REF E),  
THEY ALSO MAY REPRESENT GOTT PRESSURE ON THE CURRENT  
NEGOTIATIONS OVER ACQUISITION OF TEXACO'S DOMESTIC  
MARKETING NETWORK IN TRINIDAD AND TOBAGO (REFS A AND B).  
ALSO UNSTATED IN THE PRESS ACCOUNTS WAS WHAT THE PRIME

MINISTER MIGHT HAVE SAID ABOUT OFFSHORE OIL CONTRACTS WHICH ARE NOT WRITTEN ON A PRODUCTION-SHARING-BASIS -- THE MOST IMPORTANT BEING AMOCO (NOW PRODUCING 130,000 BARRELS PER DAY) AND THE UNEXPLOITED CONCESSIONS NORTH OF TRINIDAD. DRILLING OPERATIONS WILL BEGIN LATER THIS MONTH IN ONE OF THE LATTER AREAS -- A CONCESSION HELD BY OCCIDENTAL AND BEING EXPLOITED BY A CONSORTIUM FORMED BY DEMINEX, TENNECO AND OCCIDENTAL.

3. OFFICIALS OF TWO OF THE U.S. COMPANIES NOW PRODUCING IN TRINIDAD (AMOCO AND TESORO) HAVE EXPRESSED CONCERN OVER THE HIGH TAX REFERENCE PRICES UNILATERALLY SET BY THE GOTT IN 1974 AND SUBSEQUENTLY INCREASED (THE TAX REFERENCE PRICE IS US\$15.52 PER BARREL FOR AMOCO'S HIGH-QUALITY LOW-SULPHUR CRUDE). IN TESORO'S CASE, THERE IS EVEN PRIVATE SPECULATION THAT THE GOTT FOR SOME REASON IS TRYING TO DRIVE TESORO OUT OF ITS JOINT-VENTURE PARTNERSHIP WITH THE GOTT IN THE TRINIDAD-TESORO PETROLEUM CO. LTD., SINCE THE TAX REFERENCE PRICE HAS BEEN SET SO HIGH THAT THE COMPANY CLAIMS TO BE OPERATING AT A LOSS. TESORO VIEWS THE HIGH TAX REFERENCE PRICE AS A BREACH OF FAITH ON PART OF THE GOTT, AND THE EMBASSY UNDERSTANDS THAT TESORO IS EXPLORING LEGAL REMEDIES, INCLUDING POSSIBLE REFERENCE TO THE INTERNATIONAL CONVENTION FOR THE SETTLEMENT OF INVESTMENT DISPUTES. (ANY PUBLIC ARING OF THIS DISPUTE MIGHT BE QUITE EMBARRASSING TO BOTH PARTIES, SINCE TESORO TOOK OUT A SERIES OF FULLPAGE ADS IN MAJOR U.S. NEWS MEDIA LAST JULY PRAISING THE GOTT AS AN IDEAL JOINT-VENTURE PARTNER.) RESOLUTION OF THIS PROBLEM WILL HAVE A SIGNIFICANT EFFECT UPON TESORO'S OUTSTANDING OFFER TO COLLABORATE WITH THE GOTT IN PROVIDING NEW  
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DOWNSTREAM PRODUCT INSTALLATIONS AT THE TRINTOC REFINERY, WHICH THE GOTT BOUGHT FROM SHELL IN AUGUST 1974.  
RICH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, NATIONALIZATION, INVESTMENTS, STATE ENTERPRISES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Enclosure:** n/a  
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**Reference:** 75 POS 1318, 75 POS 883, 75 POS 870  
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Margaret P. Grafeld  
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06 JUL 2006

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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PLANS TO ACQUIRE PARTICIPATION IN FOREIGN OIL INVESTMENTS STILL UNSETTLED  
**TAGS:** ENRG, EINV, TD, TEXICO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006